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BEFORE THE ARIZONA CORPORATION COMMISSION

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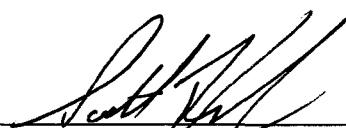
IN THE MATTER OF THE APPLICATION OF
NAVOPACHE ELECTRIC COOPERATIVE,
INC. FOR A DETERMINATION OF THE FAIR
VALUE OF ITS PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A JUST
AND REASONABLE RETURN THEREON
AND TO APPROVE RATES DESIGNED TO
DEVELOP SUCH RETURN.

DOCKET NO. E-01787A-11-0186

**STAFF'S NOTICE OF FILING WITNESS
TESTIMONY SUMMARIES**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby provides notice of filing the witness testimony summaries of Richard B. Lloyd, Gerald Becker, and J. Jeffrey Pasquinelli in the above-captioned matter.

RESPECTFULLY SUBMITTED this 24th day of April, 2012.



Scott M. Hesla, Staff Attorney
Kimberly Ruht, Staff Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies
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Docket Control
Arizona Corporation Commission
1200 West Washington Street
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Arizona Corporation Commission

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1 Copies of the foregoing were mailed
2 this 24th day of April, 2012 to:

3 Michael A. Curtis
4 William P. Sullivan
5 Melissa A. Parham
6 CURTIS GOODWIN SULLIVAN
7 UDALL & SCHWAB, PLC
8 501 East Thomas Road
9 Phoenix, AZ 85012-3205
10 Attorneys for Navopache Electric
11 Cooperative, Inc.

12 Nicholas J. Enoch
13 LUBIN & ENOCH, PC
14 349 North 4th Avenue
15 Phoenix, AZ 85003
16 Attorneys for IBEW Local 387

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Cashley Hodge

NAVOPACHE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01787A-11-0186
RICHARD B. LLOYD
TESTIMONY SUMMARY

Mr. Lloyd's testimony will concern Staff's position and recommendations concerning NEC's line extension policy and bill estimation tariff. NEC and Staff have agreed that NEC shall apply the line extension policy in effect at the time the prospective customer received a written formal line extension estimate where the customer proceeds to construction of the line extension within 90 days of the date of a decision in this case, or six months of the date of the estimate, whichever is longer. NEC and Staff have agreed that NEC shall submit a bill estimation tariff in this docket no later than 90 days after the date of a decision in this case.

**NAVOPACHE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01787A-11-0186
GERALD BECKER
TESTIMONY SUMMARY**

Mr. Becker will testify concerning Staff's position and recommendations regarding Navopache Electric Cooperative Inc.'s ("NEC" or "Cooperative") revenue requirement and financing. Staff's recommended revenue requirement of \$51,074,897 is the same as NEC's proposed revenue requirement. Staff also recommends that NEC be granted authority to draw the full amount of the debt, or \$49,329,000, as authorized in Decision No. 72550. Staff's recommended rates would result in a TIER of 2.27 and a DSC of 1.84 and would enable NEC to improve its equity level to at least 30 percent by 2019.

NAVOPACHE ELECTRIC COOPERATIVE, INC.
DOCKET NO. E-01787A-11-0186
J. JEFFREY PASQUINELLI
TESTIMONY SUMMARY

Mr. Pasquinelli's testimony in this case makes the following observations with respect to Navopache Electric Cooperative Inc.'s ("NEC" or "Cooperative") rates:

- NEC's revenue from electric rates should be increased approximately 6.9% overall to achieve the recommended revenue requirement of \$48,836,868.
- NEC's billing determinant data collection systems are in need of improvements.
- NEC should have adjustor mechanisms for recovery of demand-side management and renewable energy costs.
- Staff maintains its original proposals except as discussed in surrebuttal, where it was proposed that many of NEC's rebuttal positions on rate design be accepted as reasonable positions.

Mr. Pasquinelli's testimony will clarify and respond to two minor issues raised in NEC's prefiled rejoinder testimony, namely NEC's contention that Staff had reversed the position of two billing demand values in the time-of-use Irrigation rates and NEC's confusion regarding Staff's recommendation with respect to adjustor mechanisms.